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December 12, 2001

Ms. Magalie R. Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

RECEIVED
DEC 12 2001
FEDERAL COMMUNICATIONS COMMISSION

Re: WorldCom, Cox, and AT&T v. Verizon
CC Docket Nos. 00-218, 00-249, and 00-251

Dear Ms. Salas:

Enclosed are the second set of responses of Verizon Virginia Inc. ("Verizon VA") to the record requests from the Commission for the first part of the cost hearings. Each responses is being offered as a separate exhibit. Thus, these responses are Verizon VA Exhibits 205 through 209. In addition, in response to Mr. Goldschmidt's December 11 e-mail, Verizon VA is attaching a supplemental response to VZ VA Request # 11, which is designated as Exhibit 210.

Please note that Verizon VA is also serving (but not filing publicly) proprietary Exhibit 204, which is a CD containing the final results of various sensitivity runs that Verizon VA has performed using the Modified Synthesis Model. Mr. Murphy and Mr. Gansert testified as to preliminary versions of these sensitivity runs during the loop cost portion of the hearing, (Transcript at 4349-50, 4360-62, 4365, 4374-75, 4391-93, 4399-4400, 4418-20), and the Commission made an analogous record request of AT&T/WorldCom during the hearing. (Transcript at 4420-23.)

In addition, in the first set of Verizon VA's responses to the Commission's record requests, Verizon VA inadvertently failed to note in the response to VZ VA Record Request # 18 (Exhibit 198) that the attachment to that response contained proprietary information, though the attachment itself (a CD) was marked as proprietary. Verizon VA accordingly did not provide the proprietary CD with the public version of that response, which was filed with the Commission.

Copies of this letter and the responses were served on the parties on the attached service list. Please call if you have any questions.

Very truly yours,

Catherine Kane Ronis

Catherine Kane Ronis

No. of Copies rec'd 013
List A B C D E

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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WASHINGTON, D.C. 20554

In the Matter of)
Petition of WorldCom, Inc. Pursuant)
to Section 252(e)(5) of the)
Communications Act for Expedited)
Preemption of the Jurisdiction of the)
Virginia State Corporation Commission)
Regarding Interconnection Disputes)
with Verizon Virginia Inc., and for)
Expedited Arbitration)

CC Docket No. 00-218

In the Matter of)
Petition of Cox Virginia Telecom, Inc.)
Pursuant to Section 252(e)(5) of the)
Communications Act for Preemption)
of the Jurisdiction of the Virginia State)
Corporation Commission Regarding)
Interconnection Disputes with Verizon)
Virginia Inc. and for Arbitration)

CC Docket No. 00-249

In the Matter of)
Petition of AT&T Communications of)
Virginia Inc., Pursuant to Section 252(e)(5))
of the Communications Act for Preemption)
of the Jurisdiction of the Virginia)
Corporation Commission Regarding)
Interconnection Disputes With Verizon)
Virginia Inc.)

CC Docket No. 00-251

CERTIFICATE OF SERVICE

I do hereby certify that true and accurate copies of Verizon Virginia Inc.'s second set of responses, as well as a supplement to the first set of responses, to the Commission's record requests for the cost hearing were served electronically and by hand delivery this 12th day of December, 2001, to:

Dorothy Attwood (not served electronically)
Common Carrier Bureau
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

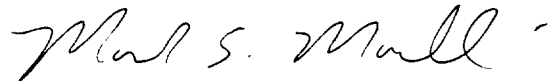
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1722 Eye Street, N.W.
Washington, D.C. 20006

Jodie L. Kelley
Jenner & Block LLC
601 Thirteenth Street, N.W.
Washington, D.C. 20005

and

Allen Feinfeld, Esq. (not served electronically)
Kimberly Wild
WorldCom, Inc.
1133 19th Street, N.W.
Washington, D.C. 20036

A handwritten signature in cursive script, reading "Mark S. Morelli", written in dark ink. The signature is fluid and stylized, with a horizontal line extending from the end of the name.

Mark S. Morelli

Verizon Virginia Inc.

In Hearing Record Request

CC Docket Nos. 00-218, 00-249 and 00-251

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DEC 18 2001

VERIZON VIRGINIA INC.
COMMUNICATIONS DIVISION

**FCC STAFF
REQUEST OF:**

Verizon; Transcript p. 4561

DATED:

October 30, 2001

REQUEST: VZVA 23

Please determine the average number of poles per installation job for each of the years for which pole data is reflected in the LCAM.

RESPONSE:

The pole placement data reflected in the LCAM was obtained from the construction management administration (CMA) database for the years 1996-2000. Details about individual jobs for this period are only available for 1999 and 2000. The following is based on jobs in the CMA database that have pole placements (both new and replacement).

In 1999, 591 poles were in CMA for 435 jobs. Poles per job is 1.36.

In 2000, 1,234 poles were in CMA for 923 jobs. Poles per job is 1.34.

**VZ VA Record
Request #23**

Verizon Virginia Inc.

In Hearing Record Request

CC Docket Nos. 00-218, 00-249 and 00-251

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DEC 18 2001

FCC STAFF
REQUEST OF:

Verizon, AT&T/WorldCom; Not Previously Asked (re: DSL Charges)

DATED:

November 1, 2001

REQUEST: VZVA 24

What is the total number of months that a typical line will be used for xDSL services, *i.e.*, the sum of the service provided by the initial provider of xDSL and the service provided by all subsequent providers, over the useful life of the line? What is the average for lines of less than 18 kft total length? For lines in the 18- to 24-kft total length range? For lines in the 24- to 30-kft range? Please provide any and all evidence in support of these answers.

RESPONSE:

xDSL has been offered in the Verizon territory for approximately 2 and 1/2 years now. To date, there have been many xDSL providers that have changed business plans and therefore gave up their xDSL loops or have exited the market totally and therefore have migrated their xDSL loops to other providers. In addition, there have been changes required (by law or Commission order) to the xDSL product offerings such as allowing line sharing or line splitting on a loop. As a result, a record has not been able to be built regarding the average "sum of service" provided by either an initial provider or by subsequent providers over the useful life of the line. Experience to date has shown that the number of months that a line has been used for xDSL by both an initial provider and by a subsequent provider has been fairly short and has been fairly active in regards to a change in providers. In some cases end users are migrated from one provider to another and in other cases the end user discontinues service or changes service to a cable provider.

Verizon Virginia Inc.

In Hearing Record Request

CC Docket Nos. 00-218, 00-249 and 00-251

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DEC 12 2001

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COMMUNICATIONS DIVISION

FCC STAFF
REQUEST OF:

Verizon, AT&T/WorldCom; Not Previously Asked (re: DSL Charges)

DATED:

November 1, 2001

REQUEST: VZVA 25

Please provide an estimate, along with any and all supporting evidence, of the xDSL penetration rates over the next five years for lines of less than 18 kft: (1) in Virginia, (2) in Verizon territory, and (3) nationwide.

RESPONSE:

Verizon is able to provide forecast information for Verizon Advanced Data in Virginia and in Verizon East territory over the next five years. This forecast, along with an estimate for CLEC demand, was used in Verizon's cost studies for mechanized loop qualification and wideband test system and can be found in the Verizon VA Cost Studies, Part B-13 at pages VZVA 001533-001535.

The forecasts provided are limited to Verizon territory, do not include penetration rates for areas outside of the Verizon territory (nationwide), and are not necessarily identified by loop length due to Commission requirements that CLECs who wish to offer DSL over long loops (i.e., over 18k ft) not be denied by the ILECs.

Verizon does request forecasts from CLECs; however, not all CLECs provide timely, accurate forecasts and some do not provide them at all.

VZ VA Record
Request #25

Verizon Virginia Inc.

In Hearing Record Request

CC Docket Nos. 00-218, 00-249 and 00-251

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20541

FCC STAFF
REQUEST OF:

Verizon, AT&T/WorldCom; Not Previously Asked (re: DSL Charges)

DATED:

November 1, 2001

REQUEST: VZVA 26

What is the average number of loops for which bridged tap is removed in a single dispatch? If the answer depends on structure type (*i.e.*, aerial, underground, or buried), density zone, or other factors, please break out the averages by these factors. Please submit any and all evidence in support of the answer.

RESPONSE:

VZ-VA has not conducted any studies nor maintains any records that would allow us to determine the average number of loops for which a BT is removed in a single dispatch; however, it is rare that the BT is removed on more than the loop for which it is requested. The number of pairs affected by BT removal will vary according to the requirements of the specific job, the impact on future service requirements, and the respective costs.

VZ VA Record
Request #26

Verizon Virginia Inc.

In Hearing Record Request

CC Docket Nos. 00-218, 00-249 and 00-251

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DEC 18 2001

FCC STAFF
REQUEST OF:

Verizon, AT&T/WorldCom; Not Previously Asked (re: DSL Charges)

DATED:

November 1, 2001

REQUEST: VZVA 27

Where a substantial amount of bridged tap is removed from an entire binder group of lines, what benefits will accrue to lines other than the one that "triggered" the conditioning? For example, are those other lines likely to experience significant improvements in throughputs? Are non-xDSL lines affected, and if so, how? For example, would analog modems on such lines achieve higher throughputs?

RESPONSE:

The impact of removing BT on lines other than the one that triggered the activity can be predicted if one were to compute losses on each of the loops, with and without BT, at various frequencies. At voice frequencies (the criterion to which the existing loops were designed), the effect of bridged taps will be relatively small because the effect is kept within acceptable limits by adhering to loop design rules that limit the length of all bridged tap. For example, under Resistance Design guidelines, the total length of all bridged tap is limited to 6,000 feet or less in order to minimize the effects on voice services. The impact (if any) on analog modem performance, since these operate in the voice frequency band, is also likely to be minimal. If any impact occurs as the result of the removal of Bridge Tap, it would be at frequencies well above the voice band and the effect is not likely to be perceptible to the voice service customer user whether the line is used for voice or voice-band data. In fact, based on the laws of physics, a bridge tap would have to approach a length of 40,000 ft to create a signal cancellation of the frequency in the voice band.

Even though the effects of bridged tap are more significant at the higher frequencies, DSLs are robust and can tolerate multiple bridged taps provided that the combined signal loss due to loop length and bridged taps is within the system's loss budget.

BT removal is not the only factor that would lead to performance changes. The characteristics of a metallic loop may change over time due to facility rearrangements, environmental conditions and noise impediments.

On the reverse side of this issue, unnecessary removal of bridge tap on

loops could result in the following adverse effects:

1. Cutting up the plant creates unwarranted activity that could result in additional trouble reports.
2. Removal of the other bridge taps in the distribution plant reduces the availability of additional facilities to meet demand.
3. Increased cable sizes and cost may be incurred to maintain a spare margin previously met by the availability of BT.
4. Removal of BT for other customers may result in shorter BT at other locations that could affect the quality of their service.

VZ VA Record
Request #27

Verizon Virginia Inc.

In Hearing Record Request

CC Docket Nos. 00-218, 00-249 and 00-251

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DEC 15 2001

U.S. DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION

FCC STAFF
REQUEST OF:

Verizon Virginia

DATED:

December 11, 2001

REQUEST:

On page 11 of its December 10, 2001 response to staff record requests, Verizon provides an Excel spreadsheet detailing the DCF analysis for the five groups of companies shown in Table 1, page 72 of Dr. Vande Weide's rebuttal testimony. For Rows 395 to 774, column C in the "3 Stage DCF Calculation" worksheet, contrary to staff request, this spreadsheet displays numerical values, but not the formula that derives these values. Verizon is hereby requested to resubmit this spreadsheet by 2:00pm tomorrow, with the relevant cells modified so that they show, in addition to the numerical values, the formula used to derive them.

RESPONSE:

The previously submitted worksheet titled "3 Stage DCF Calculation" in the spreadsheet "VZ VA FCC 3 Stage Study.xls" contains the formula which produces the three-stage DCF costs of equity displayed in Column C for the companies in the S&P 500.

The formula resides in Column B under the heading titled "Formula." The results produced in Column C are derived using the Solver tool in Excel.

For example, to derive the three-stage model cost of equity for Abbot Labs, the company listed in cell A 395, one sets the parameters in the Excel Solver tool as follows:

target cell	\$B\$395
equal to the value of	44.56
by changing cell	\$C\$395

The target cell "\$B\$395" contains the formula which will derive the known stock price of Abbot Labs (44.56). The value "44.56" is the known stock price for Abbot Labs, which is shown in cells G395 or B10. The cell "\$C\$395" contains the discount rate which, using the

company's known stock price, dividend, and three-stage growth assumptions equates to Abbot Labs' present value as indicated by the stock price. Each company's three-stage model DCF cost of equity is produced using this same method, one company at a time.

The process for finding the cost of equity using Mr. Hirshleifer's three-stage model is admittedly unwieldy. This is a result of the complexity of the model itself, rather than the procedure we have used to obtain the three-stage model DCF results. We are not aware of any procedure for simplifying the process of using the three-stage DCF model. Additional inquiries regarding this spreadsheet can be directed to Dr. Vander Weide at 919.383.6659.

VZ VA Supplemental Response
to Record Request #11